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FCC Mail Room

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June 11, 2012

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Room TW-A325
Washington, DC 20554

WC: 10-90
WC: 05-337

We are writing on behalf of ATC Communications, a provider of local exchange and other communications services in Southern Idaho. This letter is sent to seek clarification and further details from the Wireline Competition Bureau with respect to the operations and effects of the quantile regression analysis and related caps on Universal Service Fund (USF) support.

ATC Communications serves over 3600 landline and 2000 DSL subscribers in a 4,628 square mile area in 5 counties and 2 states. The exchanges served are Arco, Howe, Moore, and Mackay in central Idaho and Albion, Almo, Elba, Malta, Raft River, Malad and Holbrook in South central Idaho, and the small community of Yost in northern Utah.

The total serving area is 4,628 square miles, for a subscriber density of 0.91 subscribers per square mile. Route miles for the company are 1,892 for a density of 2.23 subscribers per route mile. Due to the vast area that ATC serves, the topography varies drastically from mostly level farmland to gentle rolling hills with wooded areas along creeks and streams, to wooded, high-altitude mountain areas.

ATC offers broadband speeds up to 20 Mbps over copper facilities. Over the past ten years, ATC has completed over 350 route miles of fiber infrastructure for network and distribution upgrades and to improve voice and broadband capabilities. ATC is now pursuing a RUS loan to provide FTTP (Fiber to the Premises) facilities capable of providing telephony, high-speed data, and broadband services to all the subscribers in the Albion and Arco exchanges and to the majority of subscribers in the Malad exchange (over 2200 premises).

Although ATC Communications is apparently not affected adversely by the caps on USF support at this time, we want to assess what, if anything, can be done now to avoid the application of these caps in future years. To achieve this objective, we need further information or guidance from the bureau. Specifically, we need to understand:

- (1) How our study area boundary was established in the formulas used to develop the caps.
- (2) What census blocks were included within those study area boundaries used in the formulas applicable to ATC Communications.
- (3) What, if anything, can be done to avoid the application of caps in subsequent years through changes or continued practices by ATC Communications to operations or investment practices.
- (4) How ATC Communications can determine what changes, if any, might occur to the formulas and caps in subsequent years so that ATC Communications can plan accordingly to operate and invest in as "efficient" and "prudent" a manner as possible by reference to the caps.

This information, and any related underlying data that the bureau can provide with respect to how and why the caps affect ATC Communications, will be essential in allowing ATC Communications to develop network investment and operating plans that account for the effect of the caps. For example, while ATC Communications is unaffected by the caps today, we need to be able to evaluate the potential effects of the caps in considering the future upgrades outlined in a \$17M RUS loan ATC is currently pursuing. In the absence of this information, ATC Communications fails to see how the caps will encourage "efficient" or "prudent" behavior or provide a predictable support mechanism because we will not know what is expected by the new rules or how they will affect future support distributions.

Please provide this information and guidance as soon as possible to ATC Communications so that we may make every reasonable effort to plan for the possible effects of the caps as soon as possible. Thank you for your attention to this request.

Sincerely,
ATC Communications

A handwritten signature in black ink, appearing to read "Rich Redman", written in a cursive style.

Rich Redman
Vice President